

Exhibit 10

FORM OF GUARANTY

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THIS GUARANTY ("Guaranty") is dated as of _____, 2002, by Vivendi Environnement, a corporation organized and existing under the laws of France ("Guarantor") for the benefit of the Consolidated City of Indianapolis, Department of Waterworks (the "Department").

Contemporaneously herewith, _____, an affiliate of Guarantor (the "Company"), is entering into an Agreement with the Department whereby the Company will manage a water system owned by the Department (the "Management Agreement"). Pursuant to the Management Agreement, the Company is obligated to, inter alia, indemnify the Department from and against certain matters, and provide an irrevocable standby letter of credit in the initial amount of \$40,000,000 in favor of the Department on behalf of the Company. By this Guaranty, the Guarantor guarantees the Company's performance of these and all of the Company's other obligations under the Management Agreement, and the payment of all sums owed pursuant to the Management Agreement.

The execution and delivery of this Guaranty by Guarantor are an inducement to the Department to enter into the transaction contemplated by the Management Agreement. Guarantor, which will directly and/or indirectly benefit from the Management Agreement, deems it to be in Guarantor's interest, and for its financial benefit, that the above-mentioned transactions take place.

RECITALS:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, Guarantor hereby agrees as follows:

1. **Guaranty.** Guarantor hereby unconditionally and irrevocably guaranties to the Department the punctual payment and performance when due, whether at stated dates or by acceleration or otherwise, of the obligations, duties, covenants, agreements and liabilities of the Company arising under the Management Agreement. In addition to the foregoing, Guarantor shall also be liable for the payment of:

a. damages sustained by Department as a result of any fraud or material misrepresentation of the Company;

b. any losses or damages sustained by the Department from or in connection with hazardous materials or wastes (as those terms are defined in the Management Agreement) and/or any other environmental pollution in connection with the Premises, provided any such losses or damages are attributable to the Company's use and operation of the Waterworks in breach of its obligations as specified in the Management

Agreement;

- c. enforcement costs, as defined in paragraph 17 hereof.

The payment and performance of the items set forth in this Section 1 are hereinafter collectively referred to as "Company's Obligations." Guarantor agrees that this Guaranty is a present and continuing guaranty of payment and not merely of collectibility, and that the Department shall not be required to prosecute collection, enforcement or other remedies against the Company or any other guarantor of the Company's Obligations, or to enforce or resort to any collateral for the repayment of the Company's Obligations or other rights or remedies pertaining thereto, before calling on Guarantor for payment. Guarantor agrees that if for any reason the Company shall fail or be unable to pay or perform, punctually and fully, subject to applicable grace and cure periods, any of the Company's Obligations, Guarantor shall pay or perform, as the case may be, the Company's Obligations to the Department in full immediately when and as such obligations shall be due for performance or payment by the Company. Guarantor agrees that one or more successive actions may be brought against Guarantor, as often as the Department deems advisable, until all of the Company's Obligations are paid and performed in full.

NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THIS GUARANTY AGREEMENT, THE AGGREGATE MAXIMUM LIABILITY OF THE GUARANTOR HEREUNDER SHALL NOT EXCEED ONE HUNDRED FIFTY MILLION DOLLARS (\$150,000,000) IN THE AGGREGATE, PROVIDED, HOWEVER, THAT THE ABOVE LIMITATION SHALL EXCLUDE AND SHALL NOT BE DIMINISHED BY OR ON ACCOUNT OF: (1) ANY CLAIMS OR AMOUNTS PAID THROUGH INSURANCE COVERAGES REQUIRED TO BE MAINTAINED BY THE COMPANY DURING THE TERM OF THE MANAGEMENT AGREEMENT; (2) CLAIMS OF PERSONAL INJURY, DEATH OR PROPERTY DAMAGE BY THIRD PARTIES; OR (3) CLAIMS OR DAMAGES ARISING DUE TO THE WILLFUL ACTS OR GROSS NEGLIGENCE OF THE COMPANY.

2. **Representations and Warranties.** The following shall constitute representations and warranties of Guarantor, and Guarantor hereby acknowledges that the Department intends to execute the Management Agreement in reliance thereon:

- a. Guarantor is not in default and no event has occurred that with the passage of time and/or the giving of notice will constitute a default under any agreement to which Guarantor is a party, the effect of which will impair performance by Guarantor of his obligations under this Guaranty.

- b. Neither the execution and delivery of this Guaranty nor compliance with the terms and provisions hereof will violate any applicable law, rule, regulation, judgment, decree or order, or will conflict with or result in any material breach of any of the terms, covenants, conditions or provisions of any indenture, mortgage, deed of trust,

instrument, document, agreement or contract of any kind that creates, represents, evidences or provides for any lien, charge or encumbrance upon any of the property or assets of Guarantor, or any other indenture, mortgage, deed of trust, instrument, document, agreement or contract of any kind to which Guarantor is a party or to which Guarantor or the property of Guarantor may be subject.

c. There is no litigation, arbitration, governmental or administrative proceedings, actions, examinations, claims or demands pending, or to Guarantor's knowledge, threatened that could reasonably be expected to adversely affect performance by Guarantor of its obligations under this Guaranty.

d. Neither this Guaranty nor any statement or certification as to facts previously furnished or required herein to be furnished to the Department by Guarantor, contains any material inaccuracy or untruth in any representation, covenant or warranty or omits to state a fact material to this Guaranty.

e. This Guaranty has been duly authorized, executed and delivered by Guarantor.

f. The Management Agreement will result in financial benefit to the Company and to Guarantor.

3.1. **Continuing Guaranty.** Guarantor agrees that the obligations of Guarantor pursuant to Section 1 above shall be primary obligations, and except as provided in Section 3.2, shall not be subject to any counterclaim (other than compulsory counterclaims), set-off, abatement, deferment or defense based upon any claim that Guarantor may have against the Department, the Company, any other guarantor of the Company's Obligations or any other person or entity, and shall remain in full force and effect without regard to, and shall not be released, discharged or affected in any way by, any circumstance or condition (whether or not Guarantor shall have any knowledge thereof), including without limitation:

a. any lack of validity or enforceability against the Company of the Management Agreement;

b. any termination, amendment, modification or other change in the Management Agreement made in accordance with its terms;

c. any failure, omission or delay on the part of the Company, Guarantor, any other guarantor of the Company's Obligations or the Department to conform or comply with any term of the Management Agreement or any failure of the Department to give notice to Guarantor of any Event of Default (as defined in the Management Agreement);

d. any waiver, compromise, release, settlement or extension of time of payment or performance or observance of any of the obligations or agreements contained in the Management Agreement;

e. any action or inaction by the Department under or in respect of the Management Agreement, any failure, lack of diligence, omission or delay on the part of the Department to enforce, assert or exercise any right, power or remedy conferred on it in the Management Agreement, or any other action or inaction on the part of the Department;

f. any voluntary or involuntary bankruptcy, insolvency, reorganization, arrangement, readjustment, assignment for the benefit of creditors, composition, receivership, liquidation, marshalling of assets and liabilities or similar events or proceedings with respect to the Company, Guarantor or any other guarantor of the Company's Obligations, as applicable, or any of their respective property or creditors, or any action taken by any trustee or receiver or by any court in any such proceeding;

g. any merger or consolidation of the Company or Guarantor into or with any entity, or any sale, lease or transfer of any of the assets of the Company, Guarantor or any other guarantor of the Company's Obligations to any other person or entity, except as permitted by the Management Agreement;

h. any release or discharge by operation of law of the Company or any other guarantor of the Company's Obligations from any obligation or agreement contained in the Management Agreement; or

i. any other occurrence, circumstance, happening or event, whether similar or dissimilar to the foregoing and whether foreseen or unforeseen, which otherwise might constitute a legal or equitable defense or discharge of the liabilities of a guarantor or surety or which otherwise might limit recourse against the Company or Guarantor.

3.2 **Defenses, Set-offs and Counterclaims.** Notwithstanding any provision contained herein to the contrary, the Guarantor shall be entitled to exercise or assert any and all bona fide legal or equitable rights or defenses which the Company may have under applicable law (other than bankruptcy or insolvency of the Company and other than any defense which the Company has expressly waived in Section 4 hereof), and the obligations of the Guarantor hereunder are subject to such counterclaims, set-offs or deductions which the Company is permitted to assert, if any.

4. **Waivers.** Guarantor unconditionally waives (a) notice of any of the matters referred to in Section 3.1 above, except to the extent that notice is required to be given as a condition to the enforcement of the Company's Obligations, (b) all notices which may be required by statute, rule of law or otherwise, now or hereafter in effect, to preserve intact any rights against Guarantor, including, without limitation, any demand, presentment and protest, proof of notice of non-payment under the Management Agreement and notice of any Event of Default or any failure on the part of the Company, Guarantor or any other guarantor of the Company's Obligations to perform or comply with any covenant, agreement, term or condition of the Management Agreement, (c) any right to the enforcement, assertion or exercise against the

Company, Guarantor or any other guarantor of the Company's Obligations of any right or remedy conferred under the Management Agreement, (d) any requirement of diligence on the part of any person or entity, (e) any requirement to exhaust any remedies, and (f) any notice of any sale, transfer or other disposition of any right, title or interest of the Department under the Management Agreement.

Guarantor expressly waives the benefit of any statute of limitations, any moratorium, reinstatement, marshaling, forbearance, valuation, stay, extension, redemption, appraisal, exemption and homestead now provided, or which may hereafter be provided, by the Constitution or laws of the United States of America or the State of Indiana, both as to itself and to all of its property, real and personal, affecting the liabilities under this Guaranty and expressly agrees that the running of a period of limitation on, or any delay or omission in, the Department's action against the Company or in the Department's enforcement of remedies against the Company shall not exonerate or affect Guarantor's absolute obligation to pay and perform in full Guarantor's obligations hereunder.

Guarantor warrants and agrees that each of the waivers and consents of Guarantor set forth in this Agreement are made after consultation with legal counsel and with full knowledge of their significance and consequences, with the understanding that events giving rise to any defense or right waived may diminish, destroy or otherwise adversely affect rights which Guarantor otherwise may have against the Company, the Department or any other person or against the Premises, and that, under the circumstances, the waivers and consents herein given are reasonable and not contrary to public policy or law. If any of the waivers or consents herein are determined to be contrary to any applicable law or public policy, such waivers and consents shall be effective to the maximum extent permitted by law.

5. **Independent Obligation of Guarantor; Effect of Insolvency Proceeding.** The obligations of Guarantor hereunder are independent of and are not coextensive with the obligations of the Company under the Management Agreement. A separate action or actions may be brought and prosecuted by the Department against Guarantor whether or not an action is brought against the Company or the Company is joined in any such action or actions and Guarantor's liability hereunder may be enforced regardless of the existence, validity, enforcement or nonenforcement of any other guaranties or other obligations. Any cause of action that the Department may have against Guarantor shall accrue upon the date the Department makes demand on Guarantor for payment of Guarantor's obligations hereunder.

Guarantor acknowledges and agrees that any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, receivership, liquidation or dissolution proceeding commenced by or against the Company ("Insolvency Proceeding"), shall have no effect on the obligations of Guarantor under this Guaranty, it being recognized and agreed that such Insolvency Proceeding can and shall only effect rights and obligations of the Company. Specifically, and without limiting the generality of the foregoing, in any Insolvency Proceeding none of the following shall effect Guarantor's obligation to pay or perform, as the case may be, the Company's Obligations to the Department in full immediately upon demand:

- (i) assumption of the Management Agreement (with or without modification),
- (ii) rejection of the Management Agreement,
- (iii) allowance or payment of any claim for use, occupancy or damages owed to the Department;
- (iv) cure or reinstatement of any or all of the obligations owed to the Department by the Company under the Management Agreement;
- (v) the Company's performance of its obligations under 11 U.S.C. § 365(d)(3), or
- (vi) the avoidance of any lien or payment in favor of the Department for any reason.

6. **Termination and Reinstatement.** The obligations and liabilities of Guarantor under this Guaranty shall remain in full force and effect, notwithstanding the release of the Management Agreement, until such time as the Management Agreement has been performed in full and all amounts due and owing the Department under the Management Agreement have been paid in full, all the Company's Obligations have been paid and performed in full, and all indemnification periods set forth in Section 6 have expired and no unpaid claims are pending thereunder; provided, however, the obligations of Guarantor pursuant to this Guaranty shall continue to be effective or automatically be reinstated, as the case may be, if at any time payment of any of the Company's Obligations or Guarantor's obligations under this Guaranty is rescinded or otherwise must be restored or returned by the Department upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of Guarantor or the Company or otherwise, all as though such payment had not been made.

7. **Financial Conditions.**

a. During the term of this Guaranty, Guarantor shall at no time permit its debt to be rated lower than grade Baa3 by Moody's Investor Service or grade BBB by Standard & Poor's rating service (or the foregoing rating services' successors in interest).

b. Guarantor shall deliver to the Department a copy of each of the following:

(i) as soon as reasonably possible, and in any event within 150 days after the close of each fiscal year of Guarantor, (i) a copy of (A) the consolidated and balance sheets of Guarantor and its consolidated Subsidiaries as of the end of such fiscal year, (B) consolidated statements of income and shareholders' equity for Guarantor and its consolidated Subsidiaries with respect to such fiscal year, and (C) consolidated statements of cash flows for Guarantor and its consolidated Subsidiaries with respect to such fiscal year, setting forth in each case in comparative form the corresponding figures for the previous fiscal year, all in reasonable detail, prepared in accordance with French generally accepted accounting principles consistently applied throughout the periods involved (except for any changes consistent with such generally accepted accounting principles) and accompanied by an unqualified opinion of independent public accountants of recognized national standing; and (ii) a certificate signed by an authorized officer of

Guarantor stating that Guarantor has not breached its obligation set forth in subpart a hereof;

(ii) within 90 days after the close of the second quarter of each fiscal year of Guarantor, (i) a copy of (A) the consolidated balance sheet of Guarantor and its consolidated Subsidiaries as of the end of such quarter, and (B) the consolidated statement of income of Guarantor and its consolidated Subsidiaries with respect to the period commencing on the first day of such fiscal year and ending on the last day of such quarter, setting forth in each case in comparative form the corresponding figures for the corresponding period of the preceding fiscal year; and (ii) a certificate assigned by an authorized officer of Guarantor stating that Guarantor has not breached its obligations set forth in subpart a hereof;

(iii) as soon as reasonably possible following the filing thereof, a copy of (i) all regular or periodic reports, if any, that Guarantor shall file with the Securities and Exchange Commission of any national securities exchange, and (ii) all annual reports and consolidated financial statements delivered or sent by Guarantor to its shareholders; and

(iv) with reasonable promptness, such other information and data with respect to Guarantor as is generated and made publicly available by the Guarantor in the ordinary course of business and as the Department may, from time to time, reasonably request, and in connection therewith Guarantor will permit the Department, personally or by its agents, accountants and attorneys, at the Department's sole expense, to visit with Guarantor's officers and (with representatives of Guarantor present) accountants at such reasonable times as may be reasonably requested.

As used herein, "Subsidiary" means, as to any person, corporation, limited liability company, partnership, or other business entity of which shares stock or other ownership interests having ordinary voting power (other than stock or other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation or other business entity are at the time owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both by such person.

8. **Successors and Assigns.** This Guaranty shall inure to the benefit of the Department and successors and assigns. This Guaranty shall be binding on Guarantor and its respective successors and assigns.

9. **No Waiver of Rights.** No delay or failure on the part of the Department to exercise any right, power or privilege under this Guaranty or the Management Agreement shall operate as a waiver thereof, and no single or partial exercise of any right, power or privilege shall preclude any other or further exercise thereof or the exercise of any other power or right, or be deemed to establish a custom or course of dealing or performance between the parties hereto. The rights and remedies herein provided are cumulative and not exclusive of any rights or

remedies provided by law. No notice to or demand on Guarantor in any case shall entitle Guarantor to any other or further notice or demand in the same, similar or other circumstance.

10. **Modification.** The terms of this Guaranty may be waived, discharged, or terminated only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. No amendment, modification, waiver or other change of any of the terms of this Guaranty shall be effective without the prior written consent of the Department.

11. **Joinder.** Guarantor agrees that any action to enforce this Guaranty may be brought against Guarantor without any reimbursement or joinder of the Company or any other guarantor of the Company's Obligations in such action.

12. **Severability.** In the event that any provision of this Guaranty is deemed to be invalid by reason of the operation of law, or by reason of the interpretation placed thereon by any administrative agency or any court, Guarantor and the Department shall negotiate an equitable adjustment in the provisions of the same in order to effect, to the maximum extent permitted by law, the purpose of this Guaranty and the validity and enforceability of the remaining provisions, or portions or applications thereof, shall not be affected thereby and shall remain in full force and effect.

13. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana, except to the extent any law, rule or regulation of the federal government of the United States of America may be applicable hereto, in which event such federal law, rule or regulation shall govern and control.

14. **Notice.** All notices, communications and waivers under this Guaranty shall be in writing and shall be (i) delivered in person or (ii) mailed, postage prepaid, either by registered or certified mail, return receipt requested, or (iii) by overnight express carrier, addressed in each case as follows:

To the Department:	Consolidated City of Indianapolis Department of Waterworks Room 16 01 City-County Building 200 E. Washington Street Indianapolis, Indiana 46204 Attn: (Corporation Counsel)
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To Guarantor:	At the address shown on the signature page hereto
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or to any other address as to any of the parties hereto, as such party shall designate in a written notice to the other party hereto. All notices sent pursuant to the terms of this Section 14 shall be deemed received (i) if personally delivered, or by facsimile with receipt of delivery, then on the date of delivery, (ii) if sent by overnight, express carrier, then on the next federal banking day immediately following the day sent, or (iii) if sent by registered or certified mail, then on the

earlier of the third federal banking day following the day sent or when actually received.

15. **No Transfer.** Guarantor covenants that Guarantor will not transfer any of its assets for the purpose of preventing the Department from satisfying any judgment rendered under this Guaranty therefrom, either before or after the entry of any such judgment.

16. **Unconditional Obligations.** The obligations of Guarantor hereunder shall arise absolutely and unconditionally when the Management Agreement shall have been executed by the Department.

17. **Enforcement Costs.** The Guarantor agrees to pay the Department on demand all reasonable costs and expenses, legal or otherwise (including counsel fees), incurred by or on behalf of the Department in successfully enforcing by legal proceeding observance of the covenants, agreements and obligations contained in this Guaranty against the Guarantor. If the Guarantor should prevail in any such legal proceeding, the Department agrees to pay the Guarantor on demand all reasonable costs and expenses incurred by or on behalf of the Guarantor in successfully defending such legal proceeding.

18. **JURISDICTION AND VENUE.** GUARANTOR HEREBY AGREES THAT ALL ACTIONS OR PROCEEDINGS INITIATED BY GUARANTOR AND ARISING DIRECTLY OR INDIRECTLY OUT OF THIS GUARANTY SHALL BE LITIGATED IN THE COURTS OF THE STATE OF INDIANA, OR THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF INDIANA. GUARANTOR HEREBY EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR PROCEEDING COMMENCED BY LANDLORD IN ANY OF SUCH COURTS, AND HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS AND COMPLAINT, OR OTHER PROCESS OR PAPERS ISSUED THEREIN, AND AGREES THAT SERVICE OF SUCH SUMMONS AND COMPLAINT OR OTHER PROCESS OR PAPERS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO GUARANTOR AT THE ADDRESS TO WHICH NOTICES ARE TO BE SENT PURSUANT TO THIS GUARANTY. GUARANTOR WAIVES ANY CLAIM THAT THE COURTS OF THE STATE OF INDIANA OR THE SOUTHERN DISTRICT OF INDIANA IS AN INCONVENIENT FORUM OR AN IMPROPER FORUM BASED ON LACK OF VENUE. SHOULD GUARANTOR, AFTER BEING SO SERVED, FAIL TO APPEAR OR ANSWER TO ANY SUMMONS, COMPLAINT, PROCESS OR PAPERS SO SERVED WITHIN THE NUMBER OF DAYS PRESCRIBED BY LAW AFTER THE MAILING THEREOF, GUARANTOR SHALL BE DEEMED IN DEFAULT AND AN ORDER AND/OR JUDGMENT MAY BE ENTERED BY LANDLORD AGAINST GUARANTOR AS DEMANDED OR PRAYED FOR IN SUCH SUMMONS, COMPLAINT, PROCESS OR PAPERS. THE EXCLUSIVE CHOICE OF FORUM FOR GUARANTOR SET FORTH IN THIS SECTION SHALL NOT BE DEEMED TO PRECLUDE THE ENFORCEMENT BY DEPARTMENT OF ANY JUDGMENT OBTAINED IN ANY OTHER FORUM OR THE TAKING BY DEPARTMENT OF ANY ACTION TO ENFORCE THE SAME IN ANY OTHER APPROPRIATE JURISDICTION, AND GUARANTOR HEREBY WAIVES THE RIGHT, IF ANY, TO COLLATERALLY ATTACK ANY SUCH JUDGMENT OR ACTION.

19. **WAIVER OF RIGHT TO JURY TRIAL.** DEPARTMENT AND GUARANTOR ACKNOWLEDGE AND AGREE THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS GUARANTY WOULD BE BASED UPON DIFFICULT AND COMPLEX ISSUES AND THEREFORE, THE PARTIES AGREE THAT ANY COURT PROCEEDING ARISING OUT OF ANY SUCH CONTROVERSY WILL BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

20. **Counterpart Execution.** This Agreement may be executed simultaneously or in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the date set forth above.

[SIGNATURE BLOCK]

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